



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0326	Title:	Prescription drug monitoring plan
Primary Sponsor:	Schmidt, Trudi	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
State Special Revenue	\$365,070	\$163,785	\$166,970	\$170,235
Revenue:				
State Special Revenue	\$384,048	\$174,473	\$174,473	\$174,473
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of Fiscal Impact:

The fiscal impact is the cost associated with creating, operating, and maintaining a controlled substance prescription database; developing, noticing, adopting rules, and setting fees to administer & regulate the program; and hiring a full time program manager or technician to manage and operate the program.

FISCAL ANALYSIS

Assumptions:

Department of Labor and Industry

- SB 326 requires the Board of Pharmacy to create, operate, and maintain a controlled substance prescription database. It is assumed the board will contract with a provider to develop and maintain the database; uploading prescription data on a weekly basis from approximately 322 in-state pharmacies and 302 mail order pharmacies. It is estimated that there will be an initial one time set up fee of \$222,000 (24 hour 7 day access software = \$100,000; web center development = \$67,000; hardware= \$30,000; training and implementation = \$25,000). Operation is estimated at \$7,500 per month, (\$7,500 x 12=\$90,000 for annual cost to upload and manage data). FY 2008 costs are estimated to total \$312,000 (\$222,000 + \$90,000). FY 2009 and subsequent year's costs are estimated to total \$123,400 (\$90,000 yearly costs to upload and maintain data + \$33,400 yearly maintenance fee for system).
- SB 326 grants rule making authority to the Board of Pharmacy to implement the provisions of this bill. In FY 2008 it is assumed there will be five additional administrative rule pages at \$50 each for a cost of \$250.

The department assumes the rules/fee notice and the adoption notice will be available on the board's website and interested parties will be notified by printed mail (\$2 postage and printing x 75 interested parties = \$150), affected licensees will be mailed a postcard instructing them on how to access the website and information for a total cost of \$17,800 (\$1 per mailing for printing & postage x 2 mailings x 8,900 licensees = \$17,800). Total cost for rulemaking, notice, hearing and adoption = \$18,200 (\$250 + \$150 + \$17,800).

3. It is assumed that the establishment of a prescription monitoring program would require the hiring of a fulltime pay band 6 program manager who would be responsible for the daily maintenance and operation of the program (\$36,369 annual salary and benefits). It is assumed that there would be a one-time office set up for the program manager for a total cost of \$3,055 plus non personal service expenses in the amount of \$4,016 per fiscal year. Total costs for FY 2008 - \$43,440 and FY 2009 - \$40,385.
4. SB 326 gives the Board of Pharmacy rule making authority to collect fees from all prescribers, dispensers, and distributors of controlled substances to sustain the Prescription Monitoring Program. FY 2008 cost of the program is estimated to be \$373,640 (\$312,000 for database + \$36,369 for the Program Manager's salary and benefits; \$7,071 for office set up and non personal services, and \$18,200 for costs of rule making). The estimated licensee fee increase for the first year of the program are \$43.16 per licensee (\$43.16 x 8,900 = \$384,048). Costs for FY 2009 and subsequent years are estimated at \$163,785 (\$36,369 in employee costs + \$4,016 for non personal service expenses + \$90,000 to upload and maintain the data + \$33,400 yearly system maintenance fees). Revenues for subsequent years is estimated to be \$174,473 (\$174,473 = 8,900 licensees x \$19.61 annually).

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$36,369	\$36,369	\$36,369	\$36,369
Operating Expenses	\$337,271	\$127,416	\$130,601	\$133,866
TOTAL Expenditures	\$373,640	\$163,785	\$166,970	\$170,235
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$373,640	\$163,785	\$166,970	\$170,235
<u>Revenues:</u>				
State Special Revenue (02)	\$384,048	\$174,473	\$174,473	\$174,473
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$10,408	\$10,688	\$7,503	\$4,238

Technical Notes:

1. The Board of Pharmacy has applied for a grant through the federal Department of Justice to implement all costs associated with the start up of a prescription drug monitoring program. The total amount of the grant, if awarded, is \$400,000.

Sponsor's Initials_____
Date_____
Budget Director's Initials_____
Date